



Agenda Date: 8/18/04
Agenda Item: 5A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE PETITION OF)	<u>WATER/WASTEWATER</u>
SOUTH JERSEY WATER SUPPLY)	
COMPANY, INC. FOR AUTHORITY TO)	
BORROW UP TO \$400,000 AND TO ISSUE)	ORDER OF APPROVAL
EVIDENCE OF INDEBTEDNESS PURSUANT)	
TO THE NEW JERSEY ENVIRONMENTAL)	
INFRASTRUCTURE TRUST FINANCING)	DOCKET NO. WF04050352
PROGRAM)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

South Jersey Water Supply Company, Inc. (Petitioner or Company) a duly organized and existing public utility corporation of the State of New Jersey, by petition filed with the Board of Public Utilities (Board) on May 17, 2004, pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9, requests authority to borrow up to \$400,000, issue evidence of indebtedness and to execute any and all documents necessary to obtain a long-term loan from the New Jersey Environmental Trust Financing program (Program), a public body corporate constituting an instrumentality of the State of New Jersey, (the Trust), acting by and through the New Jersey Department of Environmental Protection, (the State) and, if required by the Trust and the State, to secure the loans by issuing and delivering to the Trust and the State, the Company's First Mortgage Bonds (Company's Bonds) and/or other evidences of indebtedness up to the amount of the loans in like amount. The loan will be for a period of twenty (20) years and principal and interest payments will be made twice annually. The first payment will be due August 1, 2005. The Petitioner has submitted all documents and exhibits required to accompany such petition pursuant to the Board's rules of practice as set forth in N.J.A.C. 14:1-5.9 and N.J.A.C.14:1-4.

The structure of the loans will be such that approximately one-half of the loan will be made by the Trust at a rate equal to the rate on the trust's tax exempt revenue bonds. The other approximately one-half of the Loan is to be made by the State, through the Department of Environmental Protection, without interest. In effect, the effective rate of interest on the Company's indebtedness will be approximately one-half of the rate of the Trust's Bonds since the Loans' rate will be a blend of the zero rate of interest on the loan from the State and the actual rate of interest on the Trust's Bonds. The Company estimates the interest rate to be 2%.

The Company plans to use the loan proceeds for the purpose of replacing and installing 600 linear feet of 12 inch ductile iron and polyethylene water main with an estimated construction cost of \$353,015. This main will replace an existing 100 year old 6 inch water main on Mill Road in Mullica Hill, New Jersey. The Company hopes to begin Project construction in October 2004, with completion in February 2005.

By letter dated June 24, 2004, the Ratepayer Advocate has reviewed the petition and is not opposed to its approval.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, is satisfied that the proposed transactions to be taken by Petitioner, as indicated above, are in accordance with law, and are in the public interest. The Board therefore AUTHORIZES Petitioner to:

1. Borrow up to \$400,000 from the New Jersey Environmental Infrastructure Trust and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, and make, execute and deliver Loan Agreements therefore and to make, execute and deliver to the Trust and the State documents required in connection therewith;
2. Issue and deliver, if necessary, to the Trust and the State up to \$400,000 principal amount of the Company's Bonds, due 2024. Petitioner's Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

This Order is issued subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment cost.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of the State of New Jersey, in any future petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
3. Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (60) days following the closing date for this transaction.
4. Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
5. The Bonds herein authorized to be issued shall not be redeemed at a premium, prior to maturity, without further Board approval.
6. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before January 31, 2005.

7. The Petitioner is directed to comply with all of the provisions of N.J.A.C. 14:1-5.9(b).

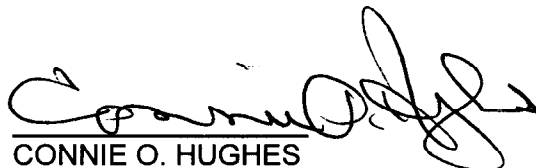
DATED: 8/19/04

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CAROL J. MURPHY
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

Service List

**I/M/O South Jersey Water of the Petition of South Jersey
Water Supply Company, Inc. for Authority to Borrow up to \$400,000 and to Issue
Evidence of Indebtedness Pursuant to the New Jersey Environmental Infrastructure
Trust Financing Program**

WF04050352

BPU

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